



# Anti-Money Laundering Seminar

Ms. Kennis CHAN

Senior Inspector of Police

2011-11-18



Joint Financial  
Intelligence Unit



## **Important Notice**

All rights, including copyright, in this PowerPoint file are owned and reserved by the Hong Kong Police Force. Unless prior permission in writing is given by the Commissioner of Police, you may not use the materials other than for your personal learning and in the course of your official duty.

## **重要告示**

香港警務處持有並保留本簡報檔案包括版權在內的所有權益。除預先獲得警務處處長書面許可外，本簡報檔案只可用作個人學習及處理公務上用途。

# List of Contents

- Overview of JFIU
- Relevant Legislation in HK
- The 'SAFE' Approach
- Reporting of Suspicious Transaction



Joint Financial  
Intelligence Unit





# Overview of JFIU



Joint Financial  
Intelligence Unit



# Overview of JFIU

## Joint Financial Intelligence Unit (“JFIU”)

- Set up in 1989
- Jointly operated by HKPF & C&E (44 staff)
- Office: At the Police Headquarters



Joint Financial  
Intelligence Unit



# Overview of JFIU

## Joint Financial Intelligence Unit (“JFIU”)

- Major Responsibilities (1) :
  - Receive
  - Analyze
  - Disseminate of Suspicious Transaction Report (‘STR’)
- Major Responsibilities (2) :
  - Study the trend used by the criminals in ML/TF
  - Outreaching and training



Joint Financial  
Intelligence Unit







# Relevant Legislation



Joint Financial  
Intelligence Unit



# Relevant Legislation

1. Drug Trafficking (Recovery of Proceeds) Ordinance, Cap. 405 ('DTROP')
2. Organized and Serious Crimes Ordinance, Cap. 455 ('OSCO')
3. United Nations (Anti Terrorism Measures) Ordinance, Cap. 575 ) ('UNATMO')



Joint Financial  
Intelligence Unit





# Relevant Legislation

## Money Laundering Offence

### s.25 of DTROP / OSCO

- Knowing / Having reasonable grounds to believe that any property represents proceeds of drug trafficking or proceeds of indictable offence, **AND**
- Deals with that property
- **MAX PENALTY:**
  - Fine of HK\$ 5,000,000 **AND**
  - Imprisonment for 14 years



Joint Financial  
Intelligence Unit



# Relevant Legislation

## Legal Obligations to make STR

### s.25A(1) of DTROP / OSCO

- Knows or Suspects any property represents proceeds of crime
- Shall make a report to an authorized officer(i.e.JFIU)
- MAX PENALTY:
  - Fine of HK\$ 50,000 AND
  - Imprisonment for 3 months



Joint Financial  
Intelligence Unit



# Relevant Legislation

## Statutory Defence to ML

### s.25A(2) of DTROP / OSCO

- if a person deals with property and that person has a defence to ML, provided if :
  - (1) STR is made BEFORE the act
  - OR
  - (2) STR is made AFTER the act



Joint Financial  
Intelligence Unit



# Relevant Legislation

## Statutory Protection on Disclosure

### s.25A(3) of DTROP / OSCO

- shall **not** be treated as a breach of any conditions imposed by contract or by any enactment, rule of conduct or other provision
- shall **not** render the person who made it **liable in damages for any loss**



Joint Financial  
Intelligence Unit



# Relevant Legislation

## Offence to Disclose the Disclosure

### s.25A(5) of DTROP / OSCO

- Tipping Off
  - Any matter likely to prejudice an investigation
- MAX PENALTY:
    - Fine of HK\$ 500,000 AND
    - Imprisonment for 3 years



Joint Financial  
Intelligence Unit





# The “SAFE” Approach



Joint Financial  
Intelligence Unit





# The “SAFE” Approach

- How to Identify a Suspicious Transaction?
  - Screen
  - Ask
  - Find
  - Evaluate



Joint Financial  
Intelligence Unit



# “SAFE”

- **Screen** the customers’ background and transactions
- **Ask** appropriate questions
- **Find** out records for review



Joint Financial  
Intelligence Unit



# “SAFE” - Evaluate

## Evaluate

- Ask yourself:
  - All steps in ‘Screen’, ‘Ask’, ‘Find’ were completed?
  - Is the transaction suspicious?
  - Having considered all circumstances, can the suspicious be eliminated?
  - If conclusion = genuinely suspicious  
→ File an STR



Joint Financial  
Intelligence Unit





# “SAFE”

## Could You Do More?

### Case Example (1)

- Local bank received info from overseas bank that a fraudulent transaction in US currency deposited into an A/C.
- Local bank filed STR immediately
- Local bank did not inquire the overseas bank for any details
- SAFE Approach - Missing



Joint Financial  
Intelligence Unit



# “SAFE”

## Case Example (2):

- A/C holder unemployed
- Frequent small amount of cash deposits \$100 to \$500 on daily basis, inconsistent with A/C holder profile
- A/C maintains low balance before or after the transactions
- Cash deposits or ATM Transfers
- ATM Cash withdrawals
- Repository only – no other uses
- Loan Sharking



Joint Financial  
Intelligence Unit





“SAFE”

## Substandard STRs

- “Large Cash Transaction”
- “Frequent or multiple remittances by same person”
- “Related to fraudulent transaction”



Joint Financial  
Intelligence Unit





# Reporting of STR

## Feedback from JFIU:

- Acknowledgement of Receipt
  - File ref.
  - Details of contact person
- Receive of Consent / No Consent Letter
- Results:
  - Arrests / Prosecutions / Conviction of money laundering offence



Joint Financial  
Intelligence Unit



# Reporting of STR

- **How to file a STR?**

- E-reporting system (Suspicious Transaction Report And Management System)
- Email
- Fax
- Post
- Verbal (Urgent only – follow up by hardcopy)

Website : <http://www.jfiu.gov.hk>



Joint Financial  
Intelligence Unit





# Thank You



Joint Financial  
Intelligence Unit

